Ayala Land net income rises 32% to P24.5 billion

LISTED Ayala Land, Inc. (ALI) recorded a 32% jump in its 2023 net income to P24.5 billion led by strong property demand and consumer activity.

Its consolidated revenue increased by 18% to P148.9 billion, the property developer said in a regulatory filing on Tuesday.

The company's property development revenues rose by 14% to P92.3 billion led by "steady bookings" and higher completion of residential projects and offices for sale. Residential reservation sales increased by 9% to P113.9 billion.

ALI launched 25 projects worth P75.9 billion in 2023.

In the fourth quarter alone, the company unveiled 14 projects valued at P39.6 billion. These projects include ALI Premier's first signature line project, Park Villas in the Makati central business district (CBD), and sequel phases of its existing gated community developments.

The property developer logged a 25% increase in leasing and hospitality revenues to P41.7 billion on the back of better occupancy and rents.

Broken down, the company's shopping center revenue increased by 31% to P21.1 billion while office leasing revenue climbed by 6% to P11.8 billion, and hotel and resort revenues rose by 42% to P8.8 billion carried by higher travel and tourism demand.

"ALI opened Ayala Malls One Ayala at the Makati CBD and the first phase of Ayala Malls Vermosa in Cavite, adding 49,000 square meters of retail space; Seda Manila Bay and the second tower of Seda Nuvali with 420 hotel rooms," it said.

Revenue from service businesses in construction, property management, and airlines rose by 36% to P11.5 billion. Net construction revenue of Makati Development Corp. from external projects rose by 56% to P6.6 billion.

In 2023, ALI unveiled four new estate consisting of the 55-hectare Batangas Technopark at Padre Garcia, the 32-hectare Centrala at Angeles City, Pampanga, the 800-hectare Southmont at Silang, Cavite, and the 62-hectare Arillo at Nasugbu, Batangas.

"ALI was well-positioned to take advantage of opportunities from an improving market in 2023, enabling us to meet our objectives for the year," ALI President and Chief Executive Officer Anna Ma. Margarita Bautista-Dy said.

"With our focus on quality, we look forward to bringing more high-value development products to market and embarking on the reinvention of our malls, hotels, and resorts for our customers to enjoy," she added.

In a separate stock exchange disclosure on Tuesday, ALI said its board approved a plan to raise up to P50 billion in debt capital via the issuance of retail bonds and/or corporate notes, and/or execution of bilateral term loans.

The funding will be used to partially finance general corporate requirements and refinance maturing debt.

ALI Chief Finance Officer Augusto D. Bengzon said during a briefing in Makati City on Tuesday that P25 billion would be used to finance the company's capital expenditure while P25 billion will be for refinancing of maturing debt.

"We intend to access both our bank lines as well as the debt capital markets, roughly 50-50.... Most of, if not all, of the maturities will happen in the second half and we will be able to finance our new requirements in the first half of the year by drawing down on our short term lines," Mr. Bengzon said.

"The strategy is to access our long term bank lines as well as the debt capital markets in the second half of the year as we anticipate that by that time, rates should start trending downwards, so we have that flexibility to trigger a major part of our financing program in the second half of the year when hopefully, rates would have moderated," he added.

ALI shares rose 2.8% or 95 centavos to P34.90 apiece on Tuesday. — **Revin Mikhael D. Ochave**

Rates,

from S1/1

Core inflation, which excludes volatile prices of food and fuel, cooled to 3.8% from 4.4% in December, the first time that it settled within the 2-4% target after 17 months.

Last week, the Philippine central bank lowered its risk-adjusted inflation forecast for this year to 3.9% from 4.2% but raised its outlook for 2025 to 3.5% from 3.4%. It cut its baseline inflation forecast for this year to 3.6% from 3.7% but kept its projection for 2025 at 3.2%.

The BSP would also likely follow the 100-bp rate cuts from the US Federal Reserve, Mr. Koh said.

The Fed might cut rates by 100 bps this year, which could improve sentiment in the second half, Standard Chartered Chief Economist for Southeast Asia and India Edward Lee told the same briefing.

PESO TO UNDERPERFORM

He said they expect global growth to slow to 2.9% this year. "It's kind of flattish and still lackluster mainly (because) global interest rates are still high."

The Fed raised its policy rate by 525 bps to 5.25-5.5% from March 2022 to July 2023. Policy makers from the US central bank earlier said they want convincing evidence that inflation would sustain its fall before they consider cutting borrowing costs.

Meanwhile, Mr. Koh said the dollar would likely weaken against major currencies globally if the Fed does cut the policy rate by 25 bps in May.

"If the dollar goes weaker [against the peso], then it helps with BSP cutting off rates," he said. "Our forecast is P55.40 a dollar by the end of the year, or around the P54-57 range this year."

But the peso might underperform against other currencies in the region amid the country's wide current account deficit, he said.

"The current account deficit is going to improve this year, but we think that the deficit is still substantial, especially in the event where you have oil prices going higher," Mr. Koh said.

Standard Chartered expects the current account shortfall to hit 3% of the economy this year, which is less optimistic than the view of the central bank, which projects a $9.5-billion deficit equivalent to 2% of economic output.

"We are also expecting the BSP to cut by 100 bps, which is the most that we are expecting in the region," Mr. Koh said. Indonesia and Thailand are expected to cut rates by 50 bps.

Standard Chartered also expects the BSP to lessen its intervention in the foreign exchange market. "Even though the dollar was higher in January, there wasn't an intervention to artificially keep the peso at a lower level."

BSP Governor Eli M. Remolona, Jr. last month said the central bank might limit its foreign exchange intervention as it completes a new currency framework this year.

The central bank wants to make the peso more competitive and ease restrictions in the foreign exchange market.

The peso closed at P56.035 a dollar on Tuesday, 3.5 centavos stronger than its close a day earlier.

BoP,

from S1/1

The BoP as of end-January reflects final gross international reserves (GIR) of $103.3 billion, 0.5% lower than a month ago.

Despite the decline, the dollar buffer is enough to pay for 7.7 months' worth of imports of goods and payments of services and primary income, the BSP said.

The reserves can also cover up to six times the country's short-term external debt based on original maturity and 3.9 times based on residual maturity.

The country's BoP position could improve in the coming months due to the proceeds of the government's dollar-denominated debt from commercial sources, Mr. Ricafort said.

The government plans to borrow P2.4 trillion this year — P1.85 trillion from the domestic market and P606.85 billion from overseas.

A narrower trade deficit could also support the country's BoP position this year, as global oil prices are still among the lowest in two years, Mr. Ricafort said.

But repayment of the state's foreign debt could offset the growth in the country's balance of payments this year, he added.

The BSP expects a $400-million payment position gap by yearend, equivalent to 0.1% of economic output. — **Keisha B. Ta-asan**

Spending,

from S1/1

Jonathan Koh, an economist at Standard Chartered Bank, said consumer spending in the Philippines remained resilient.

"It appears that consumers were dipping into savings, and they were borrowing at the same time," he told a news briefing.

Outstanding loans disbursed by big banks climbed by 7% to P11.701 trillion at end-December, central bank data showed.

Consumer loans to residents went up by 23.6% year on year to P1.27 trillion that month, driven by credit card loans (30%), motor vehicle loans (16.6%) and salary-based loans (9.4%).

"Some of those debt repayments will weigh on consumer spending," Mr. Koh said. "Inflation risks will also probably weigh down on consumer spending."

But robust labor market conditions and better employment in the Philippines would support household spending this year, as Filipino families try to repay their loans with higher salaries.

The country's unemployment rate slowed to a record 4.3% in 2023 from 5.4% a year earlier, equivalent to 2.19 million jobless Filipinos compared with 2.67 million in 2022.

Mr. Koh said consumer spending would add 4.5 percentage points to the likely 6% economic growth this year.

Standard Chartered Bank expects the Philippines to grow by 6% this year from 5.6% in 2023, below the government's 6.5-7.5% goal. — **Keisha B. Ta-asan**

PPP,

from S1/1

"For 2025, we have these projects that are currently in the early stages of development," Ms. Hernandez said. "The preliminary studies are expected to be completed. Once completed, they can be submitted by the implementing agencies for approval by 2025."

The center expects more unsolicited proposals after the enactment of a new PPP Code.

Mr. Marcos in December signed a measure that seeks to create a unified legal framework for all public-private partnerships at the national and local levels. The law also enhances the framework for unsolicited proposals.

The National Economic and Development Authority (NEDA), PPP Center and other government agencies are working on the draft rules that will enforce the law.

NEDA will accept comments from stakeholders on the draft rules until March 8. The implementing rules will be presented for approval on March 18. — **Luisa Maria Jacinta C. Jocson**

Gogoro eyes Visayas, Mindanao operations

GOGORO Philippines has announced plans to commence operations in Visayas and Mindanao this year.

"We are very bullish about the potential of our scooters in this market such that we're looking at expanding geographically in different parts of the country, and looking forward to a Visayas and Mindanao expansion for the balance of the year," said Gogoro Philippines President Bernard P. Llamzon in a statement on Tuesday.

Gogoro Philippines is a partnership among Ayala Corp., Globe Telecom, Inc.'s 917Ventures, and electric vehicle company Gogoro, Inc.

To date, the company has six stations, all of which are located in Metro Manila.

Gogoro offers smart features for its consumers such as digital traction control, smart wet mode, and biometric unlock.

Last year, Gogoro Philippines formally launched its smart electric scooters and battery swapping stations to help promote sustainable transportation systems in the Philippines.

"So far, we've received very good acceptance and feedback from the customers that have initially availed of these high-end scooters," Mr. Llamzon said.

Gogoro Philippines said it is focusing on technological advancements for its electric scooters by offering sustainable and innovative alternatives to its customers. — **Ashley Erika O. Jose**

ICTSI's Bauan port to raise fees next month

INTERNATIONAL Container Terminal Services, Inc.'s (ICTSI) subsidiary Bauan International Port, Inc. (BIPI) is set to collect higher port charges starting next month in line with the implementation of the Philippine Ports Authority's (PPA) foreign currency rate for port charges.

"Please be advised that Bauan International Port, Inc. will convert all charges for foreign vessels such as stevedoring services to USD denominated rates," BIPI said in an advisory on Tuesday.

ICTSI's BIPI is a roll-on/roll-off and project cargo terminal located in Batangas. The port serves the automobile and construction industries.

The new cargo handling tariff will take effect on March 21, exclusive of the 12% value-added tax, Bauan International Port said, adding that this will cover both imports and exports.

BIPI is the operator of the 20-hectare facility in Batangas, which also supports movement in and out of Cavite, Laguna, Batangas, Rizal, and Quezon (Calabarzon) provinces.

It said that shipment from the operation of Japanese carmakers Mitsubishi and Honda goes through the Bauan port.

BIPI also said that no adjustments will be made to wharfage dockage fee and port dues.

"To continue to improve port infrastructure and operations systems, and pursuant to applicable provisions of PPA AO 05-2022 and other issuances, BIPI will also implement an upward adjustment on all cargo handling charges and other related fees," BIPI said.

The PPA-Administrative Order No. 05-2022, released on June 29, 2022, or the 2022 Revised Policy on Private Ports, governs procedure on the development, construction, operations, and maintenance of existing ports which also cover the applicable fees, fines, and penalties imposed by ports. — **Ashley Erika O. Jose**